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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
NORTH CENTRAL DIVISION

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BACKGROUND INFORMATION
(For the use of AAA Committeemen and field workers)

For additional background information refer to "National Farm Program Needed to Protect Soil Fertility and Farm Incomes," NCR-Prelim. 39-2, October 1938.

PART I - DIGEST OF FARM LEGISLATION AND LEGISLATIVE PROPOSALS SINCE 1920

Many questions have been asked about the origin and relationship of the present agricultural legislation to other plans and proposals that have been advanced from time to time. This is an attempt to review briefly the more important earlier proposals and show their relationship to the present Farm Program.

Practically every year since the early 1920's has seen some new proposal for farm legislation. Some of these have been widely considered. Some have been debated and turned down by Congress. Others were accepted by Congress and vetoed by the President. Some became laws. One was declared unconstitutional.

The present farm legislation is an outgrowth of the wealth of information and thinking stimulated by those various proposals. Many features of the present Farm Program may be traced back directly to those earlier debates and suggestions for agricultural legislation.

In one major respect, however, the present Farm Program differs from practically all earlier proposals. The present program is based upon the realization that we are now a creditor nation and that a wave of self-sufficiency is sweeping the world which at present severely limits our export markets. Most earlier proposals were based upon the belief that the United States had access to an unlimited foreign outlet. In other respects the present program puts into practice many ideas from earlier suggestions and legislation.

In the first place, the Soil Conservation and Domestic Allotment Act of 1936, along with the $500,000,000 in payments which it authorized, was retained and strengthened by the Agricultural Adjustment Act of 1938. Likewise, the principle of acreage adjustment as it originated in the old 1933 Agricultural Adjustment Act was made a part of the present program.

Also from the old Act of 1933 and from the Agricultural Marketing Act of 1929 (Federal Farm Board), the 1938 Act adopted the principle of commodity loans. Loans under the present Act differ from earlier forms, however, in that they are conditioned upon marketing control measures.

The principle of marketing agreements and orders was also adopted from the Act of 1933, and today marketing agreement programs are in effect under the provisions of the Agricultural Marketing Agreements Act of 1937. Fundamentally, marketing agreements programs are based on experience gained by farmers in improving marketing conditions for their products through early cooperative effort.

Marketing quotas and surplus purchases for relief purposes are also devices in the present Farm Program which originated under the 1933 Agricultural Adjustment Act. The principle of marketing quotas originated in the Kerr and Bankhead Acts which controlled, when approved by the majority of affected producers, the marketings of cotton and tobacco under the original Agricultural Adjustment Act.

And from the old Export Debenture Plan comes the idea incorporated in the present program which makes tariff funds available to subsidize the export of farm surpluses whenever that practice appears advisable.

Ideas and devices in the 1938 Act which are essentially new and represent more recent contributions to this field of thought include: Federal crop insurance on wheat, freight rate investigations, parity payments, and the search for new uses for farm products (market expansion) through regional research laboratories.

Following is a brief digest of farm legislation and typical proposals which have been considered since 1920.

EQUALIZATION FEE PLAN

McNary-Haugen Bills of 1924, 1927, and 1928

The exportation of agricultural surpluses to be sold at world prices, meanwhile allowing prices on the portion consumed in the domestic market to rise behind the tariff wall, is a plan characteristic of many of the price-raising proposals which have been suggested for the benefit of agriculture since the early 1920's. The first widely known proposals embodying this idea were the original McNary-Haugen Bill of 1924 and the vetoed bills of 1927 and 1928. The method in all three of these bills was essentially to dispose of surpluses abroad for whatever price they would bring, losses to be met through the collection of an equalization fee levied against the product.

The equalization fee plan was based upon the concept of a rather steady export outlet for American farm products. It was believed that this outlet would absorb surpluses in reasonably large quantities and at fairly satisfactory prices, so that lower export prices would be more than offset by increased prices on the domestic market.

EXPORT DEBENTURE PLAN

McKinley-Adkins Bill - 1926. Jones-Ketcham Bill - 1928.

This plan also proposed to raise farm prices by disposing of surpluses abroad. Conducted behind a tariff wall and paying an export bounty, the objective was to induce the surplus to move out of the country and thus make the domestic price rise by an amount equal to the export bounty.

It differed from the Equalization Fee Plan in that it provided for the use of tariff revenue to pay export subsidies on the surpluses. In other words, losses incurred in moving surpluses to the foreign market would have been made up out of import revenues intercepted just before they reached the Federal Treasury, rather than through the Equalization Fee tax on the product.

The special device from which the plan took its name was the payment of these subsidies with debentures rather than with cash. The debentures were to be acceptable in the payment of customs duties. The rate of subsidy was to be made flexible - that is, the larger the surplus the smaller the subsidy - as a provision to curb over-production.

It was believed that the volume of exports would increase ultimately to the point of freeing domestic markets from the weight of the surplus and thus the domestic prices would be raised above the world price by the amount of the tariff - this also being the amount of the subsidy.

This plan, the same as the Equalization Fee Plan, assumed that over-production would be curbed in a satisfactory manner by decreasing net returns to farmers whenever export surpluses were increased.

FEDERAL FARM BOARD

Agricultural Marketing Act of 1929

The Agricultural Marketing Act of 1929 provided essentially for a marketing approach to the farm problem. It set up the Federal Farm Board as the instrument to carry out the Act. It encouraged cooperatives in an effort to bring about more orderly marketing on a nationwide scale.

With the drastic price declines late in 1929, the Board undertook a program of price stabilization, first, by making loans to cooperatives to enable them to hold their products off the market and, later, by the organization of stabilization corporations and large-scale purchase of cotton and wheat. The plan did not provide for any direct control over production.

The 1929 Act was based upon the concept that the farm problem is primarily one of wasteful individualized selling, which could be corrected by encouraging cooperative marketing. It aimed to stabilize farm prices by a distinctive program in the field of marketing rather than production.

DOMESTIC ALLOTMENT PLAN

Hope-Norbeck Bills, 1932.

The Domestic Allotment Plan originally proposed a system of certificates enabling producers to sell on the domestic market -- at protected prices -- that portion of their crop normally consumed in this country. The surplus was to be exported without subsidy. In later form it also provided for some production control, with benefit payments paid on the domestic allotment out of the proceeds of a processing tax. That was one of the methods used in the Agricultural Adjustment Act of 1933 which was later invalidated.

This plan reflected a growing doubt as to the possibility of exporting unlimited quantities of farm products, and an increasing belief that in some way an attempt should be made to regulate production. The plan sought to make the individual farmer conscious of his share of the surplus and to improve prices by limiting the quantity available to the domestic market and discouraging increased production for export.

AGRICULTURAL ADJUSTMENT ACT OF 1933

The Agricultural Adjustment Act of 1933 provided for adjusted production of seven major commodities which were considered as being produced in surplus quantities -- wheat, corn, cotton, hogs, rice, tobacco, and dairy products. Benefit payments were derived from processing taxes and paid on a voluntary reduction contract between the Government and each cooperating producer.

The "Thomas Amendment" to this Act was the legislation under which the dollar was devalued -- a price-raising expedient advocated in many quarters. The Bankhead and Kerr Acts, controlling the marketings of cotton and tobacco, were also eventually authorized under the 1933 Act.

The 1933 Act included features drawn from several of the earlier proposals. It provided for domestic allotments, expansion of markets, encouragement of exports, and regulation of marketing methods, all of which had been included in one or more of the previous plans.

This plan, however, approached the farm problem as one primarily of disposing of existing surpluses in the face of reduced export outlets. The belief was that this could be done only if production were checked and furthermore that producers would do this cooperatively under the inducement of benefit payments. It was also believed that consumers would pay parity prices for farm products in the domestic market.

SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT OF 1936

During 1934 and 1935 sentiment was growing to place more emphasis on soil conservation in the national farm program. With the invalidation of the Act of 1933 this became the underlying principle of the Soil Conservation and Domestic Allotment Act of 1936. That Act is still in operation, in a strengthened and amended form complemented by the Agricultural Adjustment Act of 1938.

Under this Act benefit payments are made to producers out of general treasury funds for shifting from such "soil-depleting" crops as cotton, corn, wheat, tobacco, and rice to such "soil-conserving" crops as grasses and legumes and for carrying out certain "soil-building practices." This Act provided for only limited production adjustment.

The Soil Conservation and Domestic Allotment Act was enacted on the following assumptions: (1) That the continued welfare of the Nation requires that soil resources be conserved; (2) that soil fertility is wasted if crops are produced in excess of effective domestic and export demand; (3) that it is cheaper to expend Government funds for prevention of depletion than to try to restore fertility after it has been wasted.

AGRICULTURAL ADJUSTMENT ACT OF 1938

The Agricultural Adjustment Act of 1938 became a law in February 1938, complementing the Soil Conservation and Domestic Allotment Act of 1936 and providing for:

(1) Conservation payments to producers who adjust the acreage of their soil-depleting crops as prescribed in the allotments and carry out soil-building practices; (2) parity or price adjustment payments to producers of corn, wheat, cotton, tobacco, and rice who do not overplant their allotments; (3) commodity loans to cooperators; (4) marketing control of surpluses when approved by two-thirds of the producers voting; (5) freight rate investigation and study; (6) Federal crop insurance on wheat; (7) purchases of farm surpluses for relief distribution; (8) market expansion through research on new uses for farm products, and (9) funds to subsidize the export of farm surpluses.

The plan embodied in the 1938 Act was adopted in the belief the farm problem is in large part one of adjusting existing producing facilities to decreased outlets for export products.

The general thesis underlying this program is: (1) that efforts should be made to expand markets and develop new uses for farm products.

but that progress will be slow in that direction; (2) that export outlets are for the present definitely limited; (3) that one essential for reasonable farm income is balance between production and market demand; (4) that production adjustment needs to be accompanied by an ever-normal granary; (5) that a program of commodity loans and parity payments is helpful only under the condition that it does not lead to further surplus production.

Current Alternate Proposals.

As has been the case in almost every year since the early 1920's various alternate proposals for farm legislation are being suggested at present. Speaking generally, the majority of current farm proposals falls into two main groups, each with numerous variations.

COST OF PRODUCTION OR PRICE-FIXING

In general, these plans would require the Government to determine the average cost of production of agricultural commodities. The Government would then fix this as the minimum price at which agricultural commodities could be purchased for domestic consumption. Buying agricultural products at less than this fixed price would be forbidden by law.

Certain variations of this plan would also provide for a type of ever-normal granary and for the regulation of foreign trade through tariff adjustment so as to safeguard the interest of the consumers as well as the producers.

It is contended for this plan: (1) that a nation-wide equitable cost of production can be established for the principal farm commodities; (2) that the Federal Government can prevent sales in the domestic market below this cost price; (3) that the export market will absorb as much as world prices will cause farmers to produce.

MODIFIED DOMESTIC ALLOTMENT PLAN

Plans of this type would utilize the country-wide allotment system as has already been established by the Government. Under this system a domestic production quota would be set up for each individual farm in terms of bales, bushels, and pounds rather than acres.

The farmer would be paid a subsidy equal to the difference between the current market price and the parity price established under the present Act on that portion of his crop going into domestic consumption. There would be no restrictions on plantings. Proponents of this plan offer two methods of financing such a program. One would have the subsidy paid out of general Treasury funds; the other would use a system of processing taxes collected on finished products just before they moved into consumption.

This plan is proposed in order to do away with all regulation of farm production. Those who favor it assume that unsaleable surpluses will not accumulate if no price-supporting measures are invoked on exports but that the export market will take as much at any given price as farmers will produce at that price.

Part II - WHAT DO TRADE AGREEMENTS MEAN TO THE FARMER?

Trade agreements have become important to the United States since the passage of the Reciprocal Trade Agreements Act of 1934. Since that time this country has entered into trade agreements with 19 countries with whom we generally carry on about three-fifths of our foreign trade. The Act was passed in an attempt to reopen foreign markets and stimulate profitable trade following the rapid increase of tariffs and other trade barriers which have been erected throughout the world during the last 10 years.

The demand for such a program arose from the sharp decline in United States exports following 1929. During the 1920-29 period the annual value of our agricultural exports was over two billion dollars or around 18 percent of the gross farm income at that time. After 1929, however, agricultural exports declined steadily until 1934 when their value was 787 million dollars or only about 10 percent of the greatly reduced farm income of that year.

WHAT IS A TRADE AGREEMENT?

A "reciprocal trade agreement" between two countries is a mutual attempt to pull down trade barriers and thereby increase the volume of trade in both directions. The reduction of barriers in the agreements so far completed has generally taken the form of lower import duties or larger import quotas where imports are subject to restrictions in quantity.

The most important feature of our trade agreements is their "most favored nation" clause. Unfortunately that term is somewhat misleading. More accurately it means "equality" of treatment to all nations, rather than more favorable treatment to any particular nation.

Specifically it means that each party to the agreement will grant to the products of the other party tariff treatment equal to the most favorable treatment granted any third country. In other words, when we granted certain concessions to Canada those same concessions automatically became available to all other nations who were not discriminating against our trade in some way. And likewise, we were entitled to treatment on the Canadian markets as favorable as they were granting to any other non-Dominion country.

An example of the fact that this clause works both ways is found in our agreement with Belgium. Soon after the agreement with Belgium came into operation, that country eliminated an import tax on lard equal to 4 cents a pound. Because of our agreement that tax was automatically removed from American lard. Without the clause we would have had to bargain for the new lard duty by offering Belgium some additional concession.

Therefore, in view of that "most favored nation" clause, the trade agreements which the United States has now completed are of considerable significance to many more countries than the 19 with which we have actual agreements. They are a definite influence on World Trade.

Most of the concessions granted by the United States have been on industrial and specialty products, and the importance of concessions granted on agricultural products has been far outweighed by the concessions we obtained on our farm products.

The United States also has obtained many important concessions on industrial products, such as automobiles, office machinery, and electrical equipment. To the extent that these concessions encourage exports, they provide increased employment and greater consumer purchasing power in the United States. This in turn means stronger demand and higher prices for our farm products in the most important market of all -- the domestic market. Here, however, discussion will center around the agricultural concessions obtained and granted by the United States in the 19 agreements so far completed.

Evaluation of the Trade Agreements

The United States has obtained improved treatment on wheat or wheat flour in 6 agreements; on other grains and grain products in 14; on tobacco in 3; on meat products in 10; on lard in 12; on fresh fruit in 16; and on both canned and dried fruits in 16. In addition, numerous concessions were obtained on less important items, such as vegetables, nuts, prepared foods, dairy products, and livestock.

ARE TRADE AGREEMENTS EFFECTIVE?

Have these concessions brought about an improvement in our exports? This cannot be judged purely on a statistical basis. There are too many other factors affecting the international exchange of goods. A very important factor retarding our agricultural exports, for example, was the reduction in production due to the droughts of 1934 and 1936. It seems significant, however, that in the case of 12 countries with which trade agreements were in effect for at least a year and for which complete data were available, our share of their imports in 1937 was higher in every case than in the year just prior to the conclusion of the respective agreements. It also seems significant that in the fiscal year 1937-38 our total exports to all countries with which trade agreements were in effect that year increased by 66.2 percent as compared with the pre-agreement year, whereas our exports to non-agreement countries increased by only 47.7 percent for the same two periods.

Agricultural Concessions Granted by the United States

United States concessions have been primarily on industrial products and on specialty articles that are produced to better advantage in other countries. Among the more important concessions granted by the United States or at least those that aroused the greatest criticism, were those to Canada on cattle and cream; to the Netherlands on tapioca and to a number of countries on special types of cheese.

In the Canadian agreement of 1936 the United States reduced the duty on cattle weighing over 700 pounds from 3 cents to 2 cents a pound but the number that could enter at this reduced rate was limited to 155,799 head annually, or three-fourths of one percent of the average annual slaughter in the United States. All cattle imported after the quota is filled pay the

full rate of duty. Locally some have possibly felt this adversely, because of the bunching of imports in certain months (prevented by latest agreement), but no one could claim that such an insignificant quantity could have any measurable effect on cattle prices in the United States. Imports of all cattle from all countries totaled 410,000 head during the first year of the agreement, an increase of 32,000 head over the previous year. In 1937, imports amounted to 507,000 head or about the same as in 1929. During the first 9 months of 1938 imports were only 303,000 head, compared with 447,000 head during the same period of 1937.

In the 1936 agreement with Canada the United States also reduced the duty on fresh cream from 56.6 cents per gallon to 35 cents per gallon on an annual quota of 1,500,000 gallons. In 1937, only 8.6 percent of the quota amount was imported and in 1938 only a fraction of 1 percent of the quota came in. Butterfat prices in the United States in 1936 and 1937 averaged higher than in 1935, the last year before the duty was reduced.

The duty on cheddar cheese was also reduced from 7 cents a pound, but not less than 35 percent ad valorem, to 5 cents a pound, but not less than 25 percent ad valorem. Imports increased to nearly 11 million pounds in 1936, compared with around 600,000 pounds in 1935, but they were about 20 percent smaller than average imports for 1926-30. In 1937 only 4,656,000 pounds were imported from Canada, and in the first 11 months of 1938, imports from Canada amounted to only 1,770,000 pounds. Virtually all cheddar imports into this country originate in Canada.

WHAT ABOUT IMPORTS AND LOCAL PRICES?

Cheese offers a good example of the normal working relationship between domestic prices and the amount of imports. In 1932 when imports were negligible, cheese producers received only 10 cents a pound for their product. In 1936, the year of largest imports (since the duty was reduced), they received over 15 cents a pound. It is not contended that prices rise as a result of larger imports and decline because of smaller imports. Rather it must be kept in mind that agricultural imports increase in years of high domestic prices and decline in years of low domestic prices.

Increased imports of corn, wheat, and meats since the inauguration of the Trade Agreements program have been due entirely to other factors, such as improved business conditions and lower domestic production, as the United States has not reduced import duties on these products in any of the agreements, if we except a reduction in the corn duty to Cuba and the latest one with Canada which became effective January 1, 1938.

On the agricultural export side we have been unable to take full advantage of many concessions granted us because of short domestic supplies resulting from the droughts of 1934 and 1936. Some indication of what we may expect, however, is shown by a 25 percent increase in the volume of our agricultural exports in the fiscal year 1937-38. During the first quarter of the current fiscal year (July - September 1938) this upward trend has continued. Corn exports were greater by 36 million bushels, wheat and flour by 14 million bushels. Exports of lard were 18 million pounds greater and cured pork 7 million pounds more than in the same 3 months of 1937.

Recent Agreements with Canada and the United Kingdom

The United Kingdom always has been the largest single foreign market for American agricultural products and is a more important market for our agricultural products than are all the other 18 countries combined with which trade agreements have been concluded.

WHY IS THE RECENT ENGLAND AGREEMENT SO IMPORTANT?

The two leading grains exported from the United States to the United Kingdom are wheat and rice. Under the Agreement, the United Kingdom eliminates the duty on our wheat, thus placing it on equal terms with wheat from Empire countries, such as Canada and Australia. In the case of rice, the United Kingdom import duty has been reduced about one-third. Yellow corn from the United States is also assured free entry into the British market.

A very important concession for Corn Belt farmers is the elimination of the United Kingdom duty on lard. Recently over half of our exports of lard have gone to the United Kingdom and the Agreement should result in increased exports. Livestock producers in the United States will also benefit from a substantial increase in the quota on American hams permitted entry into the British market.

The United States obtained important concessions on American fruits. Among these are the elimination of the import duty on canned grapefruit and on certain citrus-fruit juices, a reduction of about one-third in the duties on apples and pears on a seasonal basis, and a reduction in duties on several canned and dried fruits.

In the case of tobacco, our second most important agricultural export to the United Kingdom, we received a guarantee that the preferential duty on Empire tobacco will not be increased and that the United Kingdom will consider a reduction in the preference when the law guaranteeing the existing margin expires in 1942.

Cotton, our most valuable export to the United Kingdom, will be free of duty during the life of the Agreement.

WHAT ABOUT THE NEW CANADIAN AGREEMENT?

The new Trade Agreement with Canada, which became effective January 1, 1939, makes further reductions from those made in the 1936 Agreement in the Agricultural duties of both countries. Reductions in the Canadian duties and charges affect chiefly fruits and vegetables. The United States exports of these items have expanded steadily since 1936 and should be benefited still further by the new agreement.

The Canadian concessions also include reductions in duties on corn, oats, rice, numerous garden seeds, hogs, fresh and cured pork, poultry, eggs, potatoes, nuts, and a number of other less important items. A number of such reductions represent matchings of reductions in the new United States rates. Hogs, fresh pork, eggs, barley, and oats are items on which the import duties of both countries have been equalized.

The new United States reductions in duties on the leading items imported from Canada continue to be safeguarded by tariff quotas in most cases.

The new rate on heavy cattle is 1½ cents per pound on a tariff quota of 225,000 head annually. The 1936 rate was 2 cents on 156,000 head. An important new provision, however, is that not more than 60,000 head may enter in any calendar quarter. This will prevent a recurrence of the situation in the second quarter of 1936 when over 80,000 head of quota cattle were imported. The duty on calves remains at 1½ cents, with the tariff quota raised to 100,000 head of calves weighing 200 pounds or less. The special quota on dairy cows is dropped.

The new rate on cheddar cheese is 4 cents per pound but not less than 25 percent ad valorem, a one cent reduction below the 1936 rate.

On fluid cream, the 1936 tariff quota of 1,500,000 gallons is retained, but the duty is reduced from 35 cents to 28.3 cents, or 50 percent of the 1930 rate. The duty on whole milk also is reduced by 50 percent to 3¼ cents on a tariff quota of 3,000,000 gallons annually. Milk imports have been negligible in recent years. Other minor concessions on dairy products are binding the present duty on skim milk and buttermilk, and a 50 percent cut in the duty on dry buttermilk.

PART III - 1938 CROP PRODUCTION - WINTER WHEAT SEEDINGS
DECEMBER PIG REPORT

A year-end review of the 1938 growing season in the United States shows:

1. Yields averaged 11 percent above the 1923-32 average. (Pre-drought years.)

2. Total acreage harvested was 3½ percent below the 1923-32 average.

3. Total production was 5 percent above average, nearly as high as the highest of the last 20 years, but considerably below last year's exceptional production.

As the result of large reserves carried over from the bumper crops of 1937, as well as the relatively small numbers of livestock on farms to consume the grains and to a lower level of domestic and foreign demand than was considered normal a few years ago, supplies of some crops this season are relatively larger than the production figures would indicate.

The total area of 45 crops harvested in 1938 is estimated to have been just a little under 342,000,000 acres compared with just over 341,000,000 acres in 1937, an average of 320,000,000 acres during the four drought years (1933-36) and 354,000,000 acres during the preceding decade (1923-32).

Adding the estimated acreage lost to the acreage harvested indicates that there were some 356,000,000 acres on which crops were planted or grown in 1938. (This figure includes hay and grass crops and is not comparable with the 1938 AAA soil-depleting goal of 270 million to 290 million acres.) This exceeded the corresponding indications of acreage grown in 1934, when early drought checked planting, but it is below the acreage in all other years since 1924. It was 20,000,000 acres below the peak plantings of 1932.

The most significant shifts in the acreages planted or grown in 1938 as compared to 1937 appear to be the 3 million acre decrease in corn and the more than 8 million acre decrease in cotton. The acreage planted to these crops was the smallest since the turn of the century. The 1,700,000 acre increase in tame hay appears to reflect a return part way towards the usual acreage of timothy and clover in the central and eastern Corn Belt States, following several seasons unfavorable for new seedings and an upward trend in hay production in the South.

CORN: The 1938 corn production for all purposes was 2,542,238,000 bushels. This is 4.1 percent less than the 1937 crop of 2,651,284,000 bushels and 10.2 percent above the 10-year (1927-36) average production of 2,306,157,000 bushels.

The 1938 yield per harvested acre of 27.7 bushels has only been exceeded during the past 15 years by the 1937 yield of 28.3 bushels. The 10-year average yield is 22.9 bushels.

Substantial acreage reductions in the leading Corn Belt States, where corn acreage allotments were established by the AAA largely account for the decrease in the total 1938 corn acreage from that of 1937. The total acreage planted to corn was 93,257,000 acres in 1938 and 96,342,000 acres in 1937, while the 1928-37 average planting is 102,640,000 acres.

WHEAT: Production of all wheat in 1938 is estimated at 930,801,000 bushels, about 6 percent above the 1937 crop of 875,676,000 bushels, and nearly 24 percent above the 10-year (1927-36) average production of 752,891,000 bushels. The yield per harvested acre of all wheat in 1938 is estimated at 13.3 bushels, compared with 13.6 bushels in 1937, and 13.5 bushels, the 10-year average.

WINTER WHEAT SEEDINGS FOR 1939: The area of winter wheat sown in the fall of 1938 for harvest in 1939 is estimated at 46,173,000 acres. This is 18 percent below the 56,355,000 acres sown in 1937 and 20 percent below the record acreage seeded in the fall of 1936, but it is still about 1 percent above the average acreage sown to winter wheat during the ten previous years. In most of the important producing States the acreage sown to winter wheat is substantially below the acreage sown in 1936 and in 1937.

In sharp contrast to the very heavy seedings in the fall of 1936 and 1937, there appears a tendency to return to an acreage about equal to average. This is undoubtedly associated with lower wheat prices received for the 1938 crop and with the Agricultural Adjustment Administration allotments for the 1939 crop.

HAY: The 1938 hay crop of 91 million tons was the largest in ten years. Allowing for carry-over from last year's large crop, the supply of hay per unit of livestock is the second largest in 30 years.

HAY AND GRASS SEED: The total production of clover, sweetclover, alfalfa and lespedeza seed in 1938 was about 50 percent above production in any previous year.

COTTON: The cotton crop, estimated at slightly over 12 million bales, is somewhat below average but follows an exceptionally heavy production of nearly 19 million bales. This year's crop showed the second highest yield on record and was secured from the smallest acreage picked since 1900.

LIVESTOCK: The quantity of milk produced on farms in 1938 was the largest on record, totaling 4 to 5 percent greater than last year and probably 3 percent greater than the previous high production in 1933. Present indications are that the net production of meat animals during 1938 will be about 7 percent greater than that in 1937 and the largest since 1933. However, this production would be about 6 percent smaller than average during the 1929-33 period.

HOG PRODUCTION: The combined spring and fall pig crop of 1938 was: (1) 15 percent larger than the 1937 crop; (2) the largest crop since 1933; (3) 12 percent smaller than the 5-year average (1929-33).

The December Pig Report showed the number of sows indicated to farrow next spring will be: (1) 21 percent larger than the number that farrowed in the spring of 1938; (2) about equal to the number that farrowed in the springs of 1925 and 1930; (3) about 6 percent below the 5-year average (1929-33).